# Mount Wright Iron Mines Company Limited

## Annual Report

For the year ended December 31, 1976

## MOUNT WRIGHT IRON MINES COMPANY LIMITED

### Officers

President ........................................ R. C. STANLEY, JR.

Vice-President ........................................ P. A. ALLEN

Vice-President - Mining .................................. E. J. WADE

Secretary-Treasurer ............................ I. T. H. HAMILTON

### Directors

J. C. L. ALLEN

P. A. ALLEN

D. C. WEBSTER

I. T. H. HAMILTON

R. C. STANLEY, JR.

### Transfer Agent

CANADA PERMANENT TRUST COMPANY

Toronto, Ontario

### Auditors

THORNE RIDDELL & CO.

Toronto, Ontario

### Head Office

Suite 1900, 101 Richmond Street West, Toronto, Ontario

**MOUNT WRIGHT IRON MINES COMPANY LIMITED**
SUITE 1900, 101 RICHMOND STREET WEST,
TORONTO, CANADA, M5H 1T1, (416) 868-1300

To the Shareholders:

Your Directors submit herewith the Annual Report of the Company for the year ended December 31, 1976 including the Financial Statements and the Auditors' report thereon.

Your Company continues to hold and maintain in good standing its six claims in the Mount Wright area of Quebec adjacent to the Quebec Cartier Mining Company operation which was brought into production in July, 1975.

Your Company continues to hold a 1% royalty interest in the production from the Rubiales property owned by Exploracion Minera Internacional which is nearing official production in Northern Spain of its lead-zinc mine.

Respectfully submitted,

On behalf of the Board,

R. C. STANLEY, Jr.,
President.

Toronto, Ontario,
March 9, 1977.

# LONG LAC MINERAL EXPLORATION LIMITED
## 1976 REPORT

The results of an accelerated, diversified and persistent exploration programme conducted during the past few years have contributed to making 1976 the most successful since incorporation in 1967. Total expenditures for property and/or company acquisitions amounted to $1.1 million, three-quarters of which was directed toward property acquisition and diamond drilling in the Cadillac area of Northwestern Quebec.

As a result of our exploration philosophy in part and the mature stage of many of our exploration programmes, diamond drilling will be conducted on eight different properties during 1977. These programmes will involve the search for gold, gold-silver, uranium and copper-lead-zinc deposits.

As reported in late 1976 your company made a significant gold discovery on the Thompson Bousquet property located some three miles north west of Cadillac in Northwestern Quebec. Drilling has confirmed the presence of a new zone of mineralization in which four parallel and/or en echelon zones occur. The zones vary in width from 5.0′ - 30.0′ and to date the No. 3 zone, the most northerly, appears to have possible economic significance, however, further drilling will be required to evaluate the potential of all the zones.

Drill indicated geological reserves in the No. 3 zone down to 600′ below surface are 458,000 tons with a grade of 0.30 ounces/ton. All high assays have been cut to 1.0 ounce and dilution has been estimated at 20%. This zone remains open to the west and to depth and drilling will be required in 1977 to further investigate this deposit.

During the latter part of 1976 the Thompson Bousquet/Lac Mineral agreement was restructured. In exchange for an increase in advance royalty payments from 5% to 10%, Thompson Bousquet has agreed to grant Lac a one-year extension to the time for election to place the property in production and has granted an increase in Lac's interest in net profit from the operation from 50% to 60%.

A significant acquisition was completed during the year when your company bought effective control of Silverstack Mines Ltd., Silverstack (as to 51%) and Soquem (as to 49%) control a large acreage of ground along strike from the Thompson Bousquet property. Drilling over the past few years has outlined approximately 2.8 million tons with a grade of 0.135 ounces/ton. Dilution has been calculated at 20% and all high assays cut to one ounce.

Soquem, the Province of Quebec's exploration arm, is the designate manager of the Silverstack-Soquem project, but they have indicated that they would be receptive to Long Lac Mineral Exploration Limited managing the next phase of the exploration work. This next phase will study the open pit potential of the deposit and check out some high priority anomalies.

Both the first and second phase of the Bijou option were completed enabling your company to earn 60% interest in the property. The Bijou property joins immediately to the south and along strike to the east of the Thompson Bousquet property. Diamond drilling has been conducted over a portion of the property with some narrow ore sections intersected.

Geological and geophysical work was conducted on three additional properties in the Thompson Bousquet-Silverstack-Soquem area: Hinse, Brawley and El Coco. The Hinse and El Coco properties will be drilled during 1977. The Brawley property was drilled with negative results.

An option was taken on a uranium property, owned by Silvermaque Mines, adjacent to the former uranium producer Stanleigh Mines at Elliot Lake. Mining was conducted along the Silvermaque-Stanleigh boundary and this information coupled with surface drilling has indicated a potential for some 2.0-3.0 million tons of approximately 1.8-2.0 lbs uranium per ton. In addition widely spaced drilling on the western section of the property has indicated the potential for further discovery of reef with a grade of 1.0-1.3 lbs per ton. To maintain our option Lac Mineral is committed to complete 10,000′ of diamond drilling and will pay advance royalties of $40,000 per annum. Drilling with two machines had commenced at year end.

Through a six-month research and field programme we have acquired 80 (H.C.) claims in south central British Columbia with encouraging indications of copper, gold, and uranium. This area has recently been highlighted as one of the most active in British Columbia. Follow-up mapping, trenching and geochemistry will be conducted this coming season.

Activities in the North West Territories were concentrated on securing our land position since we are in the last year of our permit. The staking of some 350 claims was conducted and during this period a minor amount of prospecting conducted; negotiations are continuing with major companies to find a joint-venture partner.

Our activities in Nevada, U.S.A., have resulted in the acquisition of a gold-silver property by staking and the optioning of a gold property from the Southern Pacific Land Company. Geological, geochemical and geophysical work has been completed on both properties and drilling should commence in the spring of 1977.

Further geological, geophysical and geochemical studies of the Conchita-Fatima area in Southern Spain have resulted in three areas of interest. A drill programme will commence in March, 1977. Previous reconnaissance drilling had indicated interesting copper-magnetite-gold and zinc-silver values. In spite of some political unrest, recent mining legislation makes Spain one of the most attractive areas for mineral exploration.

Your company continues to explore for oil and gas through Taurus Oil Ltd., a company managed by John Downing of Calgary, Alberta.

After January 1, 1977, Lac Mineral will be issuing shares to its shareholders for expenditures made for work done. On March 9, 1977 shares were issued to your company's shareholders for expenditures made which have been carried as amounts receivable from Lac Mineral by the shareholders on their financial statements up to December 31, 1976. The present position of the shareholdings is as follows:—

| Shareholding company | Shares held | Advances to Lac Mineral |
|---|---|---|
| Little Long Lac Gold Mines Limited | 45,483 | 254,836 |
| Lake Shore Mines Limited | 56,854 | 318,545 |
| East Malartic Mines Limited | 22,741 | 127,418 |
| Malartic Gold Fields (Quebec) Limited | 22,741 | 127,418 |
| Wright-Hargreaves Mines Limited | 22,741 | 127,418 |
| Willroy Mines Limited | 45,483 | 254,836 |
| Lundor Mines Limited | 11,370 | 63,709 |
| | 227,413 | $ 1,274,180 |

D. G. SHEEHAN
Exploration Manager

March 9, 1977

**MOUNT WRIGHT IRON MINES COMPANY LIMITED**
(Incorporated under the laws of Ontario)

## BALANCE SHEET AS AT DECEMBER 31, 1976

### ASSETS

| | 1976 | 1975 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | $ 1,514 | $ 6,145 |
| Marketable securities, at cost less allowance for decline in quoted market value of $9,000 (quoted market value 1976, $22,000; 1975, $22,500) | 22,122 | 22,122 |
| | 23,636 | 28,267 |
| **MINING PROPERTIES AND CLAIMS** (note 2) | | |
| Mount Wright Area, Quebec, at the value placed on 1,000,000 shares issued therefor plus $4,600 cash | 304,600 | 304,600 |
| **OTHER ASSETS AND DEFERRED EXPENDITURES** | | |
| Exploration and administrative expenditures deferred (note 2) | 599,981 | 586,081 |
| Other, at nominal value | 4 | 4 |
| | 599,985 | 586,085 |
| | $ 928,221 | $ 918,952 |

### LIABILITIES

| | 1976 | 1975 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities | $ 1,299 | |
| Payable to associated company | | |
| Accrued interest on debenture | 1,625 | $ 812 |
| Other | 7,157 | |
| | 10,081 | 812 |
| **LONG TERM DEBT** | | |
| Subordinated debenture (notes 3 & 5) | 25,000 | 25,000 |

### SHAREHOLDERS' EQUITY

| | 1976 | 1975 |
|---|---|---|
| **CAPITAL STOCK** (notes 3 & 5) | | |
| Authorized – 7,500,000 shares of $1 each | | |
| Issued – 4,947,780 shares | 4,947,780 | 4,947,780 |
| Less discount on shares | 3,041,603 | 3,041,603 |
| | 1,906,177 | 1,906,177 |
| **CONTRIBUTED SURPLUS** | 1,367,195 | 1,367,195 |
| | 3,273,372 | 3,273,372 |
| **DEFICIT** | 2,380,232 | 2,380,232 |
| | 893,140 | 893,140 |
| | $ 928,221 | $ 918,952 |

Approved by the Board

P. A. ALLEN, Director

I. T. H. HAMILTON, Director

**MOUNT WRIGHT IRON MINES COMPANY LIMITED**

## STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED
## YEAR ENDED DECEMBER 31, 1976

| Administrative | 1976 | 1975 |
|---|---|---|
| Meetings and reports | $ 2,238 | $ 2,781 |
| Share issue and stock exchange listing expense | 8,403 | 6,649 |
| Interest expense on subordinated debenture | 1,625 | 1,312 |
| Legal and audit | 653 | 685 |
| Capital taxes | 2,171 | 2,474 |
| Sundry | 10 | 117 |
| | 15,100 | 14,018 |
| Deduct dividends | 1,200 | 1,200 |
| EXPENDITURES (NET) FOR THE YEAR | 13,900 | 12,818 |
| BALANCE DEFERRED AT BEGINNING OF YEAR | 586,081 | 573,263 |
| BALANCE DEFERRED AT END OF YEAR | $ 599,981 | $ 586,081 |

## STATEMENT OF DEFICIT
## YEAR ENDED DECEMBER 31, 1976

| | 1976 | 1975 |
|---|---|---|
| DEFICIT AT BEGINNING OF YEAR | $2,380,232 | $2,384,232 |
| Reduction in allowance for decline in market value of marketable securities | | 4,000 |
| DEFICIT AT END OF YEAR | $2,380,232 | $2,380,232 |

## STATEMENT OF CHANGES IN FINANCIAL POSITION
## YEAR ENDED DECEMBER 31, 1976

| WORKING CAPITAL DERIVED FROM | 1976 | 1975 |
|---|---|---|
| Shares issued on conversion of 6% subordinated debenture and interest thereon | | $ 16,946 |
| 6½% Subordinated debenture | | 25,000 |
| Reduction in allowance for decline in market value of marketable securities | | 4,000 |
| | | 45,946 |
| WORKING CAPITAL APPLIED TO | | |
| Administrative expenditures (net) for the year | $ 13,900 | 12,818 |
| Debenture interest | | 344 |
| Repayment of 6% subordinated debenture and interest thereon by conversion to capital stock | | 16,946 |
| | 13,900 | 30,108 |
| INCREASE (DECREASE) IN WORKING CAPITAL | (13,900) | 15,838 |
| WORKING CAPITAL AT BEGINNING OF YEAR | 27,455 | 11,617 |
| WORKING CAPITAL AT END OF YEAR | $ 13,555 | $ 27,455 |

## AUDITORS' REPORT

**To the Shareholders of Mount Wright Iron Mines Company Limited**

We have examined the balance sheet of Mount Wright Iron Mines Company Limited as at December 31, 1976 and the statements of exploration and administrative expenditures deferred, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 31, 1977

THORNE RIDDELL & CO.
Chartered Accountants

# NOTES TO FINANCIAL STATEMENTS
# YEAR ENDED DECEMBER 31, 1976

## 1. ACCOUNTING POLICIES

(a) Marketable securities

Marketable securities are recorded at cost less an allowance for decline in market value which is adjusted annually at each year end.

(b) Mining properties

Current mining properties are recorded at the value placed on shares issued therefor plus cash payments. When properties are considered to be permanently uneconomical, they are written off.

(c) Exploration and administrative expenditures

All exploration and administrative expenditures are deferred until production commences or the property is considered to be permanently uneconomical. When a property is considered to be permanently uneconomical the related expenditures are written off.

## 2. RECOVERY OF COSTS

The recovery of costs of mining properties and claims and exploration and administrative expenditures deferred is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

## 3. SUBORDINATED DEBENTURE

The subordinated debenture outstanding at December 31, 1976 payable to an associated company matures March 31, 1980 with interest at 6½% payable annually on January 31. The associated company has the option at any time to convert the debenture into shares of the capital stock of the company at 25¢ per share.

The company will have the right to repay the debenture at any time prior to maturity without notice or bonus to the extent that its working capital is not reduced below $75,000.

## 4. ANTI-INFLATION LEGISLATION

The company is subject to the Anti-Inflation Act (Canada) which provides as from October 14, 1975 for the restraint of profit margins, prices, dividends and compensation in Canada. In the opinion of management, the provisions of this Act have no effect on the company for the year ended December 31, 1976.

## 5. SUBSEQUENT EVENTS

Subsequent to December 31, 1976, the associated company is exercising its option to convert the subordinated debenture and accrued interest thereon into shares of the capital stock of the company at 25¢ per share.

In addition a new 7% $20,000 subordinated debenture due March 1, 1984 and convertible into shares of the capital stock of the company at 25¢ per share, will be issued to the associated company.

Both the conversion and the issue of the new subordinated debenture are subject to regulatory approval.

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